

Housing Development

Board of Supervisors' Adjustments

As part of the *FY 2006 Third Quarter Review*, the Board of Supervisors approved an amount of \$1,000,000 to partially fund the design and construction of two Great Houses with a total of six transitional housing units at the site of the Katherine K. Hanley Family Shelter. These units will be occupied by families leaving the shelter and awaiting permanent housing opportunities. Construction of the units will reduce the use of motels and address the critical need for temporary housing for homeless families.

PROGRAM DESCRIPTION

The primary mission of the Department of Housing and Community Development (HCD) is to act as the development and administrative agency for the Fairfax County Redevelopment and Housing Authority (FCRHA) and the Board of Supervisors in meeting the housing, community development and revitalization needs of the County's low and moderate income residents. HCD functions as staff to the eleven-member FCRHA board.

LINK TO THE COMPREHENSIVE PLAN

Fairfax County's Comprehensive Plan has established a number of objectives and policies in order to:

- ✓ Address the need to increase the supply of affordable housing available to special populations, including persons with physical and mental disabilities, the homeless, and the low-income elderly.
- ✓ Retain existing below market rental housing through acquisition, rehabilitation assistance and other subsidies.
- ✓ Increase the amount of land planned for multi-family residential use and encourage developers to include affordable units in proposed development plans.
- ✓ Ensure neighborhood stability and encourage rehabilitation and other initiatives as it relates to critical housing issues.

Source: 2003 Edition of the Fairfax County Comprehensive Plan, as amended

CURRENT PROGRAM INITIATIVES

Fairfax County is one of the highest cost areas for housing in the nation. Housing affordability is a major issue, particularly for low and moderate income households. Due to dramatic increases in rents and home prices in Fairfax County, a significant number of people in various circumstances cannot afford to rent or purchase a home. This gap in housing affordability can affect the ability of employers, including the County, to attract employees crucial to the health and safety of the community as well as to the area's growth and economic prosperity.

According to the 2003 US Census Bureau's American Community Survey, there were more than 97,511 households in Fairfax County earning less than \$50,000 per year, or about 61 percent of the County's median income of \$80,753. More than one third (32,636) of these households were earning less than \$25,000 per year. There were an estimated 44,012 persons living below the poverty level in 2002 – roughly equivalent to the entire population of Charlottesville, Virginia. In addition, 12,945 households have what is described as “worst case housing problems” – they are renters below 50% of the Median Family Income who pay over 50% of their income for housing. According to the 2000 Fairfax-Falls Church Community Assessment, 57 percent of households at or below the poverty level ran out of money for rent or mortgage, utilities, food or medicine, and were unable to make necessary payments.

The County's Consolidated Plan identifies affordable housing priorities and lists goals and objectives for producing and preserving affordable units, preventing homelessness, and addressing special housing needs. The production goal stated in the County's Comprehensive Plan is reiterated as an objective for affordable housing production.

The FCRHA, which adopted its own Five-Year Strategic Plan in 2004, owns or is planning 3,068 residential units for low and moderate income families and individuals including:

- 1,719 Fairfax County Rental Program units (1,522 occupied, 197 proposed);
- 286 beds for individuals in supportive housing group homes (174 occupied, 60 under construction, and 52 proposed; and
- 1,063 Public Housing units.

The FCRHA also owns a 49-acre site, twelve acres of which include 115 foundations for mobile homes. In addition, housing assistance payments are made available to over 3,168 households under the Federal Section 8 Housing Choice Voucher program for privately-owned existing housing (not inclusive of households “porting in” from other jurisdictions and those receiving vouchers when their project-based subsidy ends).

The lack of units affordable to low and moderate income households is greatly exacerbated by the decreasing number of developments still obligated by federal financing programs to provide housing for low to moderate income residents. The Federal 221(d) (3) and 236 programs provided mortgage insurance, below-market interest rate mortgages and rental supplements to private owners. These mortgages can now be prepaid, thus fulfilling a 20-year commitment as an affordable housing resource. If prepaid, the rent and use restrictions that accompany the below market financing are eliminated, and the potential exists for loss of low and moderately priced rental stock and displacement of the tenants. Since 1997, more than 1,300 privately-owned subsidized units were lost to the affordable housing market due to prepayments by owners. The stock of non-subsidized rental housing with modest rents category is also continuing to decline. These units offer average rents that are affordable to households with income up to 50-70 percent of the area median income. To offset these continuing losses, the FCRHA developed a Preservation Loan Fund which assists non-profits in preserving the County's decreasing supply of subsidized and non-subsidized affordable housing.

Another strategy used by the FCRHA has been to acquire some of the at-risk properties. Prior to 1990, the FCRHA acquired Hopkins Glen (91 units) in Falls Church. Since 1990, the FCRHA acquired and substantially rehabilitated two Section 236 developments, Stonegate (230 units) in Reston and Murraygate (196 units) in the Hybla Valley area of the County. In 1995, the FCRHA, acquired and renovated Cedar Ridge Apartments (195 units) to extend its low income affordability under the federal Section 221(d) (3) program. In 2002, the FCRHA provided a loan to a private nonprofit partnership to preserve 30 affordable townhouse units at Briarcliff near Tyson's Corner when the former owner opted out of the Section 8 contract.

In addition, the FCRHA provides tax-exempt bond financing for 2,876 multifamily rental units in occupied developments with no federal or state subsidies. In the non-subsidized projects, between 20 to 40 percent of the units are reserved for lower income families. This represents a total of 625 units located in five projects. In 2005, 118 set-aside units in two projects were lost to the affordable housing stock due to owner prepayment on bonds, thereby eliminating the set-aside requirements.

Since 1991, federal Low Income Housing Tax Credits, often in conjunction with tax-exempt bonds or other financing through VHDA, have been utilized by limited partnerships of private and/or non-profit developers to finance construction of new multifamily developments as well as the acquisition and rehabilitation of older existing projects. A total of 4,844 income restricted units have been financed in Fairfax County through these programs.

HCD, in conjunction with the FCRHA, develops programs for construction or preservation of low and moderate income housing to meet identified housing needs. This includes rental housing and a limited component of for-sale housing as well as housing for senior citizens, persons with disabilities, and other special populations. County financial support for the affordable housing acquisition and construction functions of HCD has played a vital role in carrying out the goals of the County's Comprehensive Plan, the approved Consolidated Plan, and the FCRHA's adopted Strategic Mission Statement and Strategic Plan.

County funds to support affordable housing have been used to acquire land, units or provide equity capital for housing projects. County appropriations have provided critical funding for expenses such as land acquisition, architectural and engineering fees, utility fees and associated development fees, and other costs of constructing low and moderate income housing, as well as for the purchase and, if needed, rehabilitation of housing under the Fairfax County Rental Programs, or for a supplement to federal funds such as the public housing program. Other sources of County support for FCRHA-assisted housing development and preservation programs are the Housing Trust Fund, County investments in FCRHA securities, the Home Investment Partnerships Program (HOME), and the Community Development Block Grant (CDBG). The County's Housing Trust Fund, which consists of cash proffers for affordable housing received in conjunction with rezonings, County appropriations and CDBG funds, has assisted both FCRHA and private nonprofit developers with loans or grants to produce affordable housing.

In 1990, the County adopted an Affordable Dwelling Unit (ADU) ordinance which requires developers of certain housing developments to set aside up to 12.5 percent of the units as affordable housing (6.25 percent for multifamily rentals) in return for additional density. The FCRHA has the right to acquire one-third of the ADU's for sale and to lease up to one-third of the rental units. The balance are sold or rented to moderate income households. County funds may be needed to assist the RHA in purchasing units when it is deemed appropriate.

Additionally, bond funding or County appropriations will be required for many developments as well as other projects which are still in the preplanning stage and will not be shown for proposed funding until a later date. This funding is also necessary to the County's "maintenance of effort" in providing low and moderate income housing and thereby ensuring continued eligibility for federal Community Development Block Grant funds.

In 2004, the Board of Supervisors and FCRHA made an unprecedented commitment to the preservation of affordable housing. The Board announced its Affordable Housing Preservation Initiative in April 2004, with a goal of preserving 1000 units by the end of 2007. Following an affordable housing forum in June 2004, the Board appointed the Affordable Housing Preservation Action Committee. The committee, with assistance from HCD staff, developed 12 recommendations which were adopted by the Board in January 2005. One of the major recommendations the Board approved was the designation of the value of one penny on the real estate tax rate for affordable housing. In FY 2006, a total of \$17.9 million was dedicated for affordable housing in FY 2006; \$21.9 million is anticipated to be available in FY 2007.

CURRENT PROJECT DESCRIPTIONS

1. **Penny for Affordable Housing Fund:** This Fund, established by the Board in FY 2006, is a resource provided through the dedication of the value of one penny of the real estate tax rate for the preservation of affordable housing. The Fund may be used for some of the capital projects listed below, or other emerging affordable housing opportunities, including projects by non-profit developers of affordable housing. Based on information available to date, the Fund is projected to provide an amount of \$21,900,000 in FY 2007; the value of the Fund in FY 2008 and future years will depend on real estate tax receipts for those years. Funds are targeted to be expended in the year they are appropriated.

2. **Affordable Housing Preservation/Acquisition: (Countywide):** Funding for these ongoing activities are derived from a variety of sources including the Affordable Housing Partnership program (AHPP), the FCRHA Tax-Exempt Bond Program, Low Income Housing Tax Credits and other local, state and federal funds to provide below market financing of affordable housing acquisition, design/development/construction and preservation projects by the FCRHA, nonprofits and for-profit organizations, for qualified activities such as the purchase of Affordable Dwelling Units (ADUs) made available through the ADU Ordinance or proffers; and acquisition and construction of affordable housing for Single Room Occupancy (SRO) programs, persons with disabilities, families and senior citizens.
3. **Audubon Public Housing (Lee District):** \$800,000 is the estimated cost associated with preliminary plans for the renovation of 46 units in this existing FCRHA-owned public housing facility, in order to develop a new Single Room Occupancy (SRO) program. The project may also include the voluntary relocation of elderly residents from the Audubon to affordable housing that has been designed exclusively for independent seniors.
4. **Yorkville Cooperative (Providence District):** \$18,000,000 is the estimated cost to acquire, renovate and preserve 237 affordable units. An amount of \$50,000 from the FCRHA Revolving Development Fund has been allocated to the project for feasibility studies in FY 2006. Other sources of funding will be identified for the unfunded balance.
5. **Senior Investment Strategy (Countywide):** This is a new comprehensive strategy to develop housing and facilities exclusively for the County's rapidly increasing population of seniors. Current projects include:
 - a. Little River Glen Phase III (Braddock District): \$12,043,017 to construct 90 units of independent housing for the elderly. The original project has been expanded and separated into Phases III and IV. Sixty units of independent housing for the elderly have been moved to Phase IV. Phase III is anticipated to be under construction in FY 2007. Housing Trust Fund, federal Community Development Block Grant (CDBG) and federal HOME Investment Partnership Program (HOME) grant funds have been allocated for this project. Other sources of grants and low interest loans will be identified for the unfunded balance of approximately \$10,890,000.
 - b. Little River Glen Phase IV (Braddock District): \$21,500,000 for the construction of 60 independent housing units for the elderly, a commercial kitchen and dining room; 2 levels of structured parking, up to 12 units of magnet housing, and expansion and renovation of the existing senior center. In FY 2006, this project was in the design phase. Sources of funding must be identified for this project.
 - c. Lewinsville Expansion (Dranesville District): \$24,000,000 to renovate the existing 38,000 square foot building and to construct approximately 49,000 square feet of new floor space. The renovated facility will provide space for the Health Department's Adult Day Care Center, the Alzheimer Family Day Center, two child day care centers, and allow for the expansion of the existing Senior Center programs operated by the Department of Community and Recreation Services. The new addition will provide 60 units of assisted living and 22 units of independent living for seniors, a commercial kitchen and dining room. In addition, site improvements will be provided, including additional parking, landscaping, exterior lighting, road frontage improvements along Great Falls Street, and replacement of the existing playground and tot lot. Design of the improvements is underway. Housing Trust Fund and federal HOME funds are currently available for this project. Permanent financing for the renovated facility may take the form of FCRHA Lease Revenue bonds in the amount of \$9,000,000. Other sources, including grants and low interest loans, will also be sought for the unfunded balance of approximately \$11,186,000.
6. **Preservation/Rehabilitation of Existing FCRHA-owned Housing:** Approximately \$7,542,000 for recurring maintenance and rehabilitation associated with the preservation of FCRHA-owned properties. Approximate amount of funds currently available: \$1,211,000 in federal HOME resources, \$300,000 from CDBG, and \$1,031,000 from the County Housing Trust Fund. CDBG funds in the amount of \$500,000 and \$500,000 from the Housing Trust Fund are anticipated to be available in FY 2007 and subsequent years.

7. **Magnet Housing/Glenwood Mews:** \$4,500,000 to construct 17 townhouse units. Two of the units will be sold to Habitat for Humanity of Northern Virginia to provide affordable homeownership opportunities. The FCRHA will retain ownership and management of the remaining 15 units for the Magnet Housing Program which provides short-term affordable housing for individuals and families who participate in workforce development programs. The project will be under construction by the beginning of FY 2007. A total of \$580,000 from federal CDBG funds, \$358,000 in the Housing Trust Fund is available for this project. Revenue from the sale of the two Habitat for Humanity units and other sources of grants and low interest loans will be sought for the unfunded balance of approximately \$3,562,000.
8. **Magnet Housing/Route 50 and West Ox Road:** \$9,500,000 to construct 30 units of Magnet Housing, one level of below grade parking, and a training facility. Magnet Housing is designed for residents who want to participate in a focused living and learning environment, while enjoying affordable, attractive apartments for up to two years. Residents find short-term affordable, attractive housing inter-mixed with a variety of educational opportunities. The project is in the design phase. A total of approximately \$630,000 from the Housing Trust Fund, \$348,000 from a federal EDI Special Project Grant, and \$107,000 from federal CDBG are available for this project. Other sources, including grants and low interest loans, will be sought for the unfunded balance of approximately \$8,415,000.
9. **Transitional Housing at the Katherine K. Hanley Shelter Campus:** \$2,100,000 to construct six units of transitional housing which will be occupied by families leaving the shelter and awaiting permanent housing opportunities. The new housing units will be located on Lee Highway in western Fairfax County. Construction of the units will lessen the use of motels and address the critical need for temporary housing for homeless families. A total of \$407,000 in federal HOME funds is available for this project. As part of the *FY 2006 Third Quarter Review*, the Board of Supervisors approved General Fund monies in the amount of \$1,000,000 and the remaining funding of \$693,000 will be identified by the Department of Housing and Community Development.

PROJECT COST SUMMARIES HOUSING DEVELOPMENT (\$000's)

| Project Title/ Project Number | Source of Funds | Anticipated to be Expended Thru FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | Total FY2007-FY2011 | Total FY2012-FY2016 | Total Project Estimate |
|--|----------------------|---|-------------------------|---------------|---------------|---------------|---------------|---------------------|---------------------|------------------------|
| 1 Penny for Affordable Housing Fund* | R | 17,900 | 21,900 | 21,900 | 21,900 | 21,900 | 21,900 | 109,500 | | 127,400 |
| | | | | | | | | | | |
| 2 Affordable Housing Acquisition/Development (Countywide) | U X | | 150 20,000 | 150 20,000 | 150 20,000 | 150 20,000 | 150 20,000 | 100,750 | | 100,750 |
| 3 Audubon Public Housing | U | | 800 | | | | | 800 | | 800 |
| 4 Yorkville Cooperative | X U | 50 | 12,950 | 5,000 | | | | 17,950 | | 18,000 |
| 5a Little River Glen III | HTF F U | 554 599 0 | 399 4,000 | 6,491 | | | | 10,890 | | 12,043 |
| 5b Little River Glen IV | U | 0 | 1,500 | 5,000 | 15,000 | | | 21,500 | | 21,500 |
| 5c Lewinsville Expansion | HTF F LRB U | 500 549 | 1,604 1,161 6,139 | 5,047 | 9,000 | | | 22,951 | | 24,000 |
| 6 Preservation/Rehabilitation of Existing FCRHA-Owned Properties | HTF F | 1,031 1,511 | 500 500 | 500 500 | 500 500 | 500 500 | 500 500 | 5,000 | | 7,542 |
| 7 Magnet Housing/Glenwood Mews | HTF F U | 358 580 | 3,562 | | | | | 3,562 | | 4,500 |
| 8 Magnet Housing/Route 50 & West Ox Road | HTF F U | 630 455 | 5,891 | 2,524 | | | | 8,415 | | 9,500 |
| 9 Transitional Housing at the Katherine K. Hanley Shelter Campus | F G U | 200 | 207 | 1,000 693 | | | | 1,900 | | 2,100 |
| TOTAL | | \$24,917 | \$81,263 | \$68,805 | \$67,050 | \$43,050 | \$43,050 | \$303,218 | \$0 | \$328,135 |

Key: Stage of Development

| | |
|--|-----------------------------|
| | Feasibility Study or Design |
| | Land/Unit Acquisition |
| | Construction |

Notes:

Numbers in bold italics represent funded amounts. Funds in the Penny for Affordable Housing item may be applied to unfunded balances in other projects.

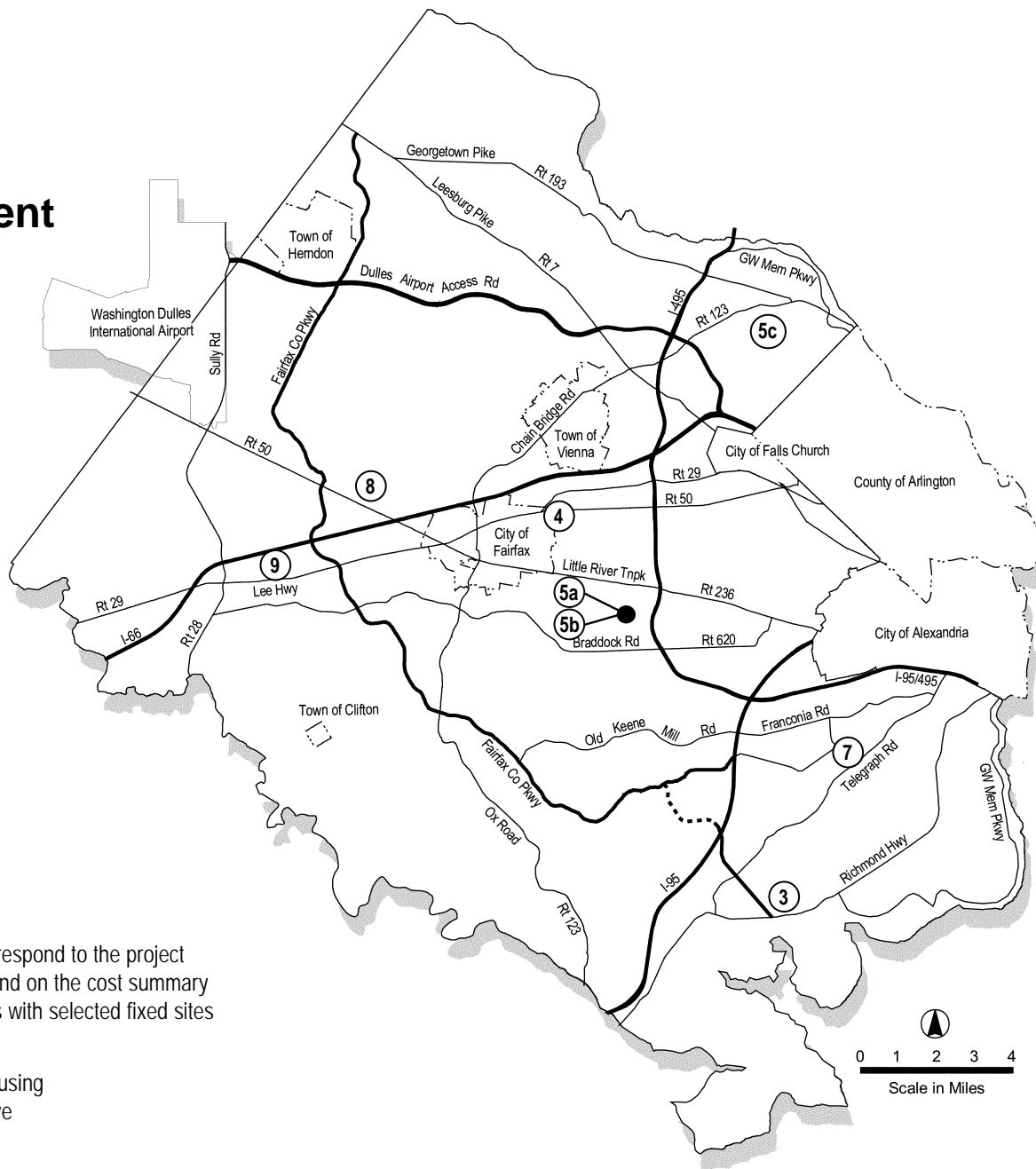
Key: Source of Funds

| | |
|-----|-------------------------|
| B | Bonds |
| G | General Fund |
| R | Real Estate Tax Revenue |
| F | Federal |
| X | Other |
| U | Undetermined |
| HTF | Housing Trust Fund |
| LRB | Lease Revenue Bonds |

* Amount estimated for FY 2008 - FY 2011 will vary, depending on the value of one penny of the real estate tax rate each year.

Housing Development

Location of CIP Projects



Note: Map numbers correspond to the project descriptions in the text and on the cost summary tables. Only CIP projects with selected fixed sites are shown on the map.

- 3. Audubon Public Housing
- 4. Yorkville Cooperative
- 5a. Little River Glen III
- 5b. Little River Glen IV
- 5c. Lewinsville Expansion
- 7. Magnet Housing/Glenwood Mews
- 8. Magnet Housing/Route 50 and West Ox Road
- 9. Transitional Housing at the Katherine K. Hanley Shelter Campus